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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

docket.clerk@kelly-krause.com

Office Action Summary

Application No.

10/773,894

Applicant(s)

EDMONDSON ET AL.

Examiner

FREDA A. NELSON

Art Unit

3628

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 29 July 2009.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1, 5-15 and 18-24 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1, 5-15, and 18-24 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/S5108)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

The amendment received on July 29, 2009 is acknowledged and entered. Claims 1, 5, and 15 have been amended. Claims 2-4 and 16-17 have been canceled. No claims have been added. Claims 1, 5-15 and 18-24 are currently pending.

Response to Amendments and Arguments

1. Applicant's arguments filed August 27, 2009 have been fully considered but they are not persuasive.
2. In response to Applicant's argument that the cited reference fails to disclose a database that includes a categorized value identifying groups into which content creators are categorized, fails to base an initial price indicia upon the categorized value, and fails to adjust an initial price indicia responsive to indications of inquiries of availability of content, the Examiner respectfully disagrees. Eglen et al. discloses Users of the dynamic pricing system 102 can be further categorized into two types of users, mainly: *content suppliers (or artists) and content consumers (or customers)*. For example, content suppliers can include, but are not limited to, artists, authors, directors, programmers, producers, actors, performers, publishers, movie/television studios, music labels, copyright holding organizations such as the Recording Industry Association of America (RIAA), and their agents ([0152],[0064]). Eglen et al. further discloses

"it should be understood that the dynamic pricing modifier can take into account other factors. These factors can include, but are not limited to: the marginal and/or fixed costs of the item; price ceilings and/or floors for the item; file size of the item; the bandwidth of the connection to the dynamic pricing system 102; the quality of the item; the popularity of the item as measured by third parties, such as the Billboard ranking of a song; reviews of an item; **and number of times an item has been viewed on the dynamic pricing system 102**. Generally, the dynamic price modifier increases the price of an item when demand for that item increases and reduces the price of an item when the demand for the item decreases ([0122]). The Examiner interprets the highlighted passage to mean inquiries of availability.

Furthermore, the specification uses the terms "inquiries of availability" two times, however, there is no clear definition of what is meant by inquiries of availability. Therefore, unless a term is given a "clear definition" in the specification (MPEP § 2111.01), the examiner is obligated to give claims their broadest reasonable interpretation, in light of the specification, and consistent with the interpretation that those skilled in the art would reach (MPEP § 2111). An inventor may define specific terms used to describe invention, but must do so "with reasonable clarity, deliberateness, and precision" (MPEP § 2111.01.111). A "clear definition" must establish the metes and bounds of the terms. A clear definition must unambiguously establish what is and what is not included. A clear definition is indicated by a section labeled definitions, or by the use of phrases such as "by inquiries of availability we mean"; "inquiries of availability is defined as"; or "inquiries of availability includes, ... but

does not include ...". In the instant case, the examiner is required to give the term its broadest reasonable interpretation (MPEP § 2111), which the examiner judges to be "using the search button or a request to view a free item".

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. **Claims 1, 5-15 and 18-24** are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

An invention, which is eligible for patenting under 35 U.S.C. 101, is in the "useful arts" when it is a machine, manufacture, process or composition of matter, which produces a concrete, tangible, and useful result.

4. **As per claims 1 and 5-14**, the Applicant is claiming an apparatus however, the body of the claims recite only logic or software (i.e., engine, single software application, interface) for a computer. Thus, the claims are directed to functional descriptive material that is not functionally or structurally interrelated to any medium. Data structures not claimed as embodied on statutory computer-readable media (i.e., storage media, and excluding non-statutory media such as carrier waves) are descriptive material per se and therefore not patentable subject matter under § 101 as they are neither a process, a machine, a manufacture, nor a composition of matter. MPEP § 2106 IV.(g)(1)(a).

5. **Claims 15 and 18-24** are directed to a series of steps. In order for a series of steps to be considered a proper process under § 101, a claimed process must either: (1) be tied to another statutory class (such as a particular apparatus) or (2) transform

underlying subject matter (such as an article or materials). *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972). Thus, to qualify as patent eligible, these processes must positively recite the other statutory class to which it is tied (e.g., by identifying the apparatus that accomplishes the method steps), or positively recite the subject matter that is being transformed (e.g., by identifying the product or material that is changed to a different state). Claims 15 and 18-24 identify neither the apparatus performing the recited steps nor any transformation of underlying materials, and accordingly are directed to non-statutory subject matter.

Also noted in *Bilski* is the statement, "Process claim that recites fundamental principle, and that otherwise fails 'machine-or-transformation' test for whether such claim is drawn to patentable subject matter under 35 U.S.C. §101, is not rendered patent eligible by mere field-of-use limitations; another corollary to machine-or-transformation test is that recitation of specific machine or particular transformation of specific article does not transform unpatentable principle into patentable process if recited machine or transformation constitutes mere 'insignificant post-solution activity.'" (In re *Bilski*, 88 USPQ2d 1385, 1385 (Fed. Cir. 2008)) Examples of insignificant post-solution activity include data gathering and outputting. Furthermore, the machine or transformation must impose meaningful limits on the scope of the method claims in order to pass the machine-or-transformation test. Please refer to the USPTO's "Guidance for Examining Process Claims in view of In re *Bilski* memorandum dated January 7, 2009,

http://www.uspto.gov/web/offices/spac/dapp/opla/documents/lbilski_guidance_memo.pdf .

It is also noted that the mere recitation of a machine in the preamble in a manner such that the machine fails to patentably limit the scope of the claim does not make the claim statutory under 35 U.S.C. § 101, as seen in the Board of Patent Appeals Informative Opinion Ex parte Langemyr et al. (Appeal 2008- 1495), <http://www.uspto.gov/web/offices/dcom/bpai/its/fd081495.pdf> .

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. **Claims 1, 5-14, and 21-24** are rejected under 35 U.S.C. 103(a) as being unpatentable over Eglen et al. (US PG Pub. 2003/0023505).

As per claim 1, Eglen et al. disclose an apparatus for associating a price indicia with each of the first content tile and at least a second content file stored at a content database of a content distribution facility, each of the first and at least second content files authored by content creators, said apparatus comprising:

a content creator database forming an author index that indexes a listing of content creators together with historical indicia associated with respective content creators, said historical indicia including a categorized value identifying a selected group into which respective content creators are categorized depending upon prior sales

histories of other content files of the respective content creators indicia of historical sales of other content files authored by the respective content creators indexed together therewith (paragraphs [0060],[0063],[0065])

an initial price indicia associator adapted to receive content indicia associated with each of the first and at least second content files stored at the content database and adapted to access said content creator database, said initial price indicia associator for initially pricing each of the first and at least second content files with initial price indicia, the initial price indicia being based on the categorized value identifying the selected group into which the respective content creators of each of said first and at least second content files are categorized (paragraphs, [0058]-[0060],[0063]-[0064] popular music,[0081],[0122]-[0123],[0136]; see FIG. 3) {the music databases 230 can store the file name of a song, the location of the file on the home music server 220, song title, artist, author, producer, distributor (label), album name, album picture, picture of the artist, musical category (i.e. rock, jazz . . .), description, comments, *pricing information, demand information*, and/or length/size of the song along with other information relating to the song};

a price indicia adjuster adapted to receive indications of the initial price indicia that said initial price indicia associator associates with each of the first and at least second content files and to receive indications of demand for each of the first and at least second content files, said price indicia adjuster for adjusting the initial price indicia responsive to the demand therefore, the demand data based, at least in part, upon indications of inquiries of availability, and for forming adjusted price indicia associated

with each of the first and at least second content files (abstract; paragraphs [0058],[0073],[0099], [0122]).

As per claim 5, Eglen et al. discloses the a apparatus of claim 1 wherein the initial price indicia with which said initial price indicia associator associates with the first and at least second content files is further directly related, at least in a stepwise manner, with the historical demand (paragraphs [0064],[0123]) {pricing algorithm parameters field 352 can store information such as the historical pricing and quantity ordered information for the item; and alternatively or additionally, the dynamic pricing system 102 in this and other embodiments can automatically set the initial price based on default prices and/or historical prices for similar content stored in memory 112}.

As per claim 6, Eglen et al. disclose the apparatus of claim 1 wherein the historical indicia indexed together with the content creator at the author index formed at said content creator database categorizes the historical demand into a first historical demand level at least a second historical demand level (paragraphs [0064],[0123]) {pricing algorithm parameters field 352 can store information such as the historical pricing and quantity ordered information for the item; and alternatively or additionally, the dynamic pricing system 102 in this and other embodiments can automatically set the initial price based on default prices and/or historical prices for similar content stored in memory 112}.

As per claim 7, Eglen et al. discloses the apparatus of claim 1 wherein the first content file and the at least the second content file stored at the content database is at least selectably available for delivery to content consumers and wherein the indications of the demand to which said price indicia adjuster is adapted to receive further comprise indications related to inquiries relating to individual ones of the first and at least second content files (paragraphs [0052],[0058]).

As per claim 8, Eglen et al. disclose the apparatus of claim 7 wherein copies of the first and at least second content files are at least selectably available for purchase by the content consumers and wherein the inquiries selecting to the individual ones of the first and at least second content files comprise inquiries relating to purchase of copies of the individual ones of the first and at least second content files (paragraphs [0052],[0058]).

As per claim 9, Eglen et al. disclose the apparatus of claim 8 wherein the inquiries relating to the purchase of the copies of the individual ones of the first and at least second content files comprise indications of purchase requests made by the content consumers (paragraph [0122])the dynamic price modifier increases the price of an item when demand for that item increases and reduces the price of an item when the demand for the item decreases and in one form, the dynamic pricing modifier is based on the differences between the quantity ordered at specific intervals wherein, for

instance, these intervals can be by second, by minute, hourly, daily, monthly, or yearly; and in another form, the dynamic pricing modifier is based on the time between successive purchases; for example, if the time delay between successive purchases decreases, the dynamic pricing system 102 can infer that demand is increasing and thus increase the price for the item}.

As per claim 10, Eglen et al. disclose the apparatus of claim 8 wherein the inquiries relating to the purchase of the copies of the individual ones of the first and at least second content files comprise indications of purchase completions made by the content consumers (paragraph [0122]){the dynamic price modifier increases the price of an item when demand for that item increases and reduces the price of an item when the demand for the item decreases and in one form, the dynamic pricing modifier is based on the differences between the quantity ordered at specific intervals wherein, for instance, these intervals can be by second, by minute, hourly, daily, monthly, or yearly; and in another form, the dynamic pricing modifier is based on the time between successive purchases; for example, if the time delay between successive purchases decreases, the dynamic pricing system 102 can infer that demand is increasing and thus increase the price for the item}.

As per claim 11, Eglen et al. disclose the apparatus of claim 1 wherein said price indicia adjuster is adapted to interactively adjust the adjusted price indicia associated with each of the first and at least second content files (paragraph [0122]){the

dynamic price modifier increases the price of an item when demand for that item increases and reduces the price of an item when the demand for the item decreases and in one form, the dynamic pricing modifier is based on the differences between the quantity ordered at specific intervals wherein, for instance, these intervals can be by second, by minute, hourly, daily, monthly, or yearly; and in another form, the dynamic pricing modifier is based on the time between successive purchases; for example, if the time delay between successive purchases decreases, the dynamic pricing system 102 can infer that demand is increasing and thus increase the price for the item}.

As per claim 12, Eglon et al. disclose the apparatus of claim 1 wherein the indications of demand to which said price indicia adjuster is adapted to receive are applied to said price indicia adjuster at least at successive intervals, dynamically to receive the indications of the demand, and wherein said price indicia adjuster is adapted to further successively form the adjusted price indicia responsive to the indications of the demand received at the at least the successive intervals (paragraph [0122])the dynamic price modifier increases the price of an item when demand for that item increases and reduces the price of an item when the demand for the item decreases and in one form, the dynamic pricing modifier is based on the differences between the quantity ordered at specific intervals wherein, for instance, these intervals can be by second, by minute, hourly, daily, monthly, or yearly; and in another form, the dynamic pricing modifier is based on the time between successive purchases; for example, if the

time delay between successive purchases decreases, the dynamic pricing system 102 can infer that demand is increasing and thus increase the price for the item}.

As per claim 13, Eglen et al. disclose the apparatus of claim 12 wherein the adjusted price indicia formed by said price indicia adjuster formed at least at the successive intervals is adapted to incrementally change prior-formed values of the adjusted price indicia (paragraph [0122]) {the dynamic price modifier increases the price of an item when demand for that item increases and reduces the price of an item when the demand for the item decreases and in one form, the dynamic pricing modifier is based on the differences between the quantity ordered at specific intervals wherein, for instance, these intervals can be by second, by minute, hourly, daily, monthly, or yearly; and in another form, the dynamic pricing modifier is based on the time between successive purchases; for example, if the time delay between successive purchases decreases, the dynamic pricing system 102 can infer that demand is increasing and thus increase the price for the item}..

As per claim 14, Eglen et al. disclose the apparatus of claim 1 further comprising a revenue allocator adapted to receive the indications of demand, said revenue allocator for allocating revenues associated with the first and at least second content files (paragraph 0158; FIG. 30E and FIG. 31) {the owner of the dynamic pricing system 102 generates revenue by receiving a portion of the revenue generated by the sale of items on the dynamic pricing system 102}.

As per claim 15, Eglen et al. disclose a method for distributing content stored at a content database, the content formed of a first content file and at least a second content file, the first and at least second content files authored by content creators, said method for associating a price indicia with each of the first and at least second content files stored at the content database, said method comprising:

associating historical indicia with the content creators, the historical indicia including a categorized value identifying a selected group into which respective content creators are categorized depending upon prior sales histories of other content of the respective content creators (paragraphs [0052],[0060],[0063]-[0065]);

initially pricing each of the first and at least second content files with initial price indicia responsive to categorized values of historical indicia of the respective content creators of each of the first and at least second content files (paragraphs, [0059]-[0060],[0063]-[0064],[0081],[0122]-[0123],[0136]; see FIG. 3); and

adjusting the initial price indicia with which the first and at least second content files are initially priced during said operation of initially pricing responsive to indications of demand for each of the first and at least second content files, the demand based, at least in part, upon indications of inquiries of availability of the first and second content files, respectively, to form adjusted price indicia associated with each of the first and at least second content files (abstract; paragraphs [0052],[0058], [0099],[0122]).

As per claim 18, Eglen et al. disclose the method of claim 15 wherein copies of the first content file and the at least the second content file each are at least selectably available for delivery to content consumers and wherein the indications of the demand for each of the first and at least second content files comprise indications of requests made by the content consumers comprise indications related to at least requests for copies of selected ones of the first and at least second content files (paragraphs [0052],[0058]).

As per claim 19, Eglen et al. disclose the method of claim 15 wherein said operation of adjusting the initial price indicia further comprises adjusting the adjusted price indicia (paragraph [0060]) {the music databases 230 can store the file name of a song, the location of the file on the home music server 220, song title, artist, author, producer, distributor (label), album name, album picture, picture of the artist, musical category (i.e. rock, jazz . . .), description, comments, pricing information, demand information, and/or length/size of the song along with other information relating to the song}.

As per claim 20, Eglen et al. disclose the method of claim 15 wherein adjustments to the adjusted price indicia during said operation of adjusting are performed incrementally (paragraph [0122]){the dynamic price modifier increases the price of an item when demand for that item increases and reduces the price of an item when the demand for the item decreases and in one form, the dynamic pricing modifier

is based on the differences between the quantity ordered at specific intervals wherein, for instance, these intervals can be by second, by minute, hourly, daily, monthly, or yearly; and in another form, the dynamic pricing modifier is based on the time between successive purchases; for example, if the time delay between successive purchases decreases, the dynamic pricing system 102 can infer that demand is increasing and thus increase the price for the item}..

As per claim 21, Eglen et al. discloses wherein the initial price indicia formed is adjusted based on the delivery mechanism by which content is delivered to a respective content consumer ([0050],[0162]).

As per claim 22, Eglen et al. disclose the apparatus of claim 1 wherein the initial price indicia formed is adjusted based on whether a respective content consumer is a commercial content consumer or a non-commercial content consumer (paragraphs [0099],[0133],[0155]).

As per claim 23, Eglen et al. disclose the method of claim 15 wherein the operation of initially pricing further comprises initially pricing each of the first and at least second content files responsive also to the delivery mechanism by which content is delivered to a respective content consumer ([0050],[0162]).

As per claim 24, Eglan et al. disclose the method of claim 15 wherein the operation of initially pricing further comprises initially pricing each of the first and at least second content files responsive to whether a respective content consumer is a commercial content consumer or a non-commercial content consumer (paragraphs [0099],[0133],[0155]).

Conclusion

1. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

1) Eglan et al. (US PG Pub. 2008/0215507), which discloses dynamic pricing of items based on category with which the item is associated.

2) Eglan et al. (US PG Pub. 2008/0065566), which discloses dynamic pricing of items based on category with which the item is associated.

3) Eglan et al. (US PG Pub. 2008/0052252), which discloses dynamic pricing of items based on category with which the item is associated.

4) Eglan et al. (US PG Pub. 2008/0027827), which discloses dynamic pricing of items based upon the category to which the item is assigned and sales criteria of the item relative to other items in the category is disclosed.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Freda A. Nelson whose telephone number is (571) 272-7076. The examiner can normally be reached on Monday - Friday, 10:00 am -6:30 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Hayes can be reached on 571-272-6708. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only.

or more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/F. A. N./
Examiner, Art Unit 3628

/JOHN W HAYES/
Supervisory Patent Examiner, Art Unit 3628